

or \$70,000 a year, giving 10 to \$15,000 to people making \$1 million a year.

At the same time the President wants to restrict one of the best bipartisan both job creation and poverty programs that this country has had rewarding work, and that is the earned income tax credit. The earned income tax credit was passed by a Democratic Congress with a Republican President in 1975, expanded in the eighties by a Republican President and a Democratic Congress, and now President Bush wants to restrict the earned income tax credit. People making 20, 25, \$30,000 a year under the earned income tax credit will get about \$1,000 a year more back in their taxes than they would get otherwise. It is a way to reward work. These are people that have full-time jobs, often without health care, often single parents, people that are struggling that need that kind of help. So the President wants to give huge tax cuts to people making \$1 million a year and take away much of the tax benefits under the earned income tax credit that people making 20, 25, \$30,000 a year make.

Get this, though. The IRS now has decided to change in the last 5 years, under Republican leadership in this House and Senate, to change the frequency by which they audit tax returns. If you are making \$30,000 a year and you have filed for the earned income tax credit, one out of 64 of you will be audited by the IRS. But if you make \$100,000, only one out of 120 of you will be audited by the IRS. If you are even higher income than that, then only one out of 400 of you will be audited by the IRS. So the IRS is going after people making 20, 30, 40, \$50,000 a year while allowing people by and large to skate if they are making a half million or a million dollars a year. Then on top of that the President wants to give a tax cut to the wealthiest people in this country.

The largest newspaper in my district, the Akron Beacon Journal, had this to say about the earned income tax credit this morning: "The President wants Americans to spend their money to boost the economy. He wants to create jobs. The earned income tax credit delivers on both fronts." That is the importance of the earned income tax credit, of keeping it in place, of keeping the eligibility standards where they are, of encouraging more people to file for the earned income tax credit. That will help stimulate the economy. That goes with the general Democratic plan on economic stimulus, not simply giving tax breaks to the richest people in the country hoping that some of the money trickles down for job creation. That clearly has not worked. Instead, the Democratic plan through extending unemployment, through middle-class tax breaks, through helping small businesses, through economic stimulus of building highways and bridges and all that, that is what will put people back to work.

THE MOUNTING FEDERAL DEBT

The SPEAKER pro tempore. Pursuant to the order of the House of January 7, 2003, the gentleman from Michigan (Mr. SMITH) is recognized during morning hour debates for 5 minutes.

Mr. SMITH of Michigan. Mr. Speaker, I want to talk for a couple of moments on the financial situation of the Federal Government. This chart shows what is happening to gross Federal debt. The debt held by the public, the debt held by government accounts, mostly Social Security, what we are borrowing from Social Security, added together, equal the total amount of debt. The only way debt can be increased in the United States Government is if the House and the Senate pass legislation increasing the debt limit and then the President signs it. That is what we are doing again this year and that is partially because of the increase in Federal spending.

As you can see on this chart, by 2013 we are approaching a debt of \$10 trillion; \$10 trillion debt compared to a budget for next year that is going to amount to about \$2.2 trillion. Let me tell you one of the big problems of why we are going so deep in debt. That is because of the overzealousness of this legislative body and the White House to spend more and more money.

This next chart shows the increase in spending. As you can see, the discretionary spending increases have averaged 6.3 percent each year since 1996. Since 1997, we have increased spending by 7.7 percent. Even in what is called a very frugal budget this year, with increased spending about 4.2 to 4.4 percent, still again it is about twice the rate of inflation. So if we are going to keep increasing spending, then what we are doing in effect is leaving a larger and larger debt to our kids and our grandkids.

I am a farmer from Michigan. Our goal has been on the farm to try to pay down some of that mortgage in order for our kids to have a better chance at success and the good life than maybe their parents had. Here in this body, in Congress, we keep increasing the debt on our kids. It is sort of a hidden tax. If you will a future tax increase.

Increasing taxes outright is going to increase the chance that you are not going to be reelected.

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But increasing spending by increased borrowing means that they are cutting a ribbon on some jogging trail or some library or other pork project. It probably increases the chance that they are going to be reelected. So the propensity to spend more and more money is one of the failures of this legislative system. Simply leaving this mortgage to our kids is in effect saying that our problems today are more important than the problems that our kids and our grandkids are going to face when they are responsible for paying their taxes into this Federal Government.

Let me say that I was disappointed last week in another demonstration of

the unwillingness of this Chamber to stay within the budget. Last week we had an HIV/AIDS bill coming before the body that we passed out of the House and sent to the Senate. That bill increased by 50 percent the HIV/AIDS money that was in the budget to be spent internationally to help cure AIDS. So it was an increase of 50 percent over and above what the President suggested, 50 percent over and above what we passed in the budget resolution. So the discipline of this body to reduce spending and live within our budget leaves much to be desired.

How do we get this kind of discipline? We are talking this week about tax cuts, and certainly we cannot pay for tax cuts with increased borrowing. However, we have a system in this country where those who work hard, save and invest and try to start a business and make money producing something that other people want to buy has ended up with the kind of incentives that has made this country the strongest economically in the world. And it is not Government that decides whether we are going to have a good economy. It is the people that decide that it is going to be to their advantage and the advantage of their family if they decide to work hard and try to produce talent or some products that other people want to buy.

So the goal and the key, the bottom line, Mr. Speaker, is that somehow, someplace, sometime this body and the White House have got to come up with the discipline to hold down spending if we want to keep a strong economy and those incentives that cause people to expand business and therefore expand jobs.

THE EFFECTS OF TAX CUTS ON GUAM

The SPEAKER pro tempore (Mr. ISSA). Pursuant to the order of the House of January 7, 2003, the gentleman from Guam (Mr. BORDALLO) is recognized during morning hour debates for 5 minutes.

Ms. BORDALLO. Mr. Speaker, I rise today to enlighten my colleagues on how the tax cuts legislation will affect my district, the Territory of Guam. Because Guam follows the mirror tax code, tax changes enacted by Congress are mirrored by the Guam tax code, and the tax cuts being contemplated by Congress this week would have a substantial effect on our island's tax revenues.

On Guam we face great challenges due to a recession that continues and a slowdown in visitors to our island. Allow me, Mr. Speaker, to present the Members with the picture of the current fiscal troubles encountered by the government of Guam. The governor and the legislature are poised to enact a bill that will authorize the borrowing of in excess of \$200 million from the bond market to deal with our deficit. We learned just today that Standard and Poor's recently downgraded its